

**SATANTA RECREATION COMMISSION
SATANTA, KANSAS**

**FINANCIAL STATEMENTS
with
INDEPENDENT AUDITOR'S REPORT
YEAR ENDED JUNE 30, 2010**

**SATANTA RECREATION COMMISSION
SATANTA, KANSAS**

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Kennedy
McKee & Company LLP Certified Public Accountants

1100 W. Frontview
P. O. Box 1477
Dodge City, Kansas 67801
Tel. (620) 227-3135
Fax (620) 227-2308

JAMES W. KENNEDY, CPA
JAMES R. SHIRLEY, CPA
LU ANN WETMORE, CPA
ROBERT C. NEIDHART, CPA

INDEPENDENT AUDITOR'S REPORT

Satanta Recreation Commission
Satanta, Kansas

We have audited the accompanying financial statements of the Satanta Recreation Commission, a discretely presented component unit of Unified School District No. 507, as of and for the year ended June 30, 2010, as listed in the table of contents. These financial statements are the responsibility of the Commission's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the *Kansas Municipal Audit Guide*. Those standards and guidance require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described more fully in Note A, Satanta Recreation Commission has prepared these financial statements in conformity with the accounting practices prescribed by the State of Kansas to demonstrate compliance with the cash basis and budget laws of the State of Kansas, which practices differ from accounting principles generally accepted in the United States of America. The effect on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, is presumed to be material.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Satanta Recreation Commission as of June 30, 2010, or the changes in its financial position for the year then ended.

In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the cash and unencumbered cash balances of the Satanta Recreation Commission, as of June 30, 2010, and its cash receipts and expenditures for the year then ended on the basis of accounting described in Note A.

Kennedy McKee & Company LLP

November 29, 2010

SATANTA RECREATION COMMISSION
SATANTA, KANSAS

SUMMARY OF CASH RECEIPTS, EXPENDITURES AND UNENCUMBERED CASH

Year ended June 30, 2010

	Recreation Commission	Golf Association	Total
Unencumbered cash, beginning of year	\$ 329,291	\$ 32,229	\$ 361,520
Cash receipts	281,838	136,947	418,785
Expenditures	<u>(227,228)</u>	<u>(135,667)</u>	<u>(362,895)</u>
Unencumbered cash, end of year	383,901	33,509	417,410
Add outstanding encumbrances and accounts payable	<u>-</u>	<u>6,457</u>	<u>6,457</u>
Cash balance, end of year	<u><u>\$ 383,901</u></u>	<u><u>\$ 39,966</u></u>	<u><u>\$ 423,867</u></u>
Composition of cash:			
Checking	\$ 79,547	\$ 4,754	\$ 84,301
Money market	303,354	35,212	338,566
Petty cash	<u>1,000</u>	<u>-</u>	<u>1,000</u>
	<u><u>\$ 383,901</u></u>	<u><u>\$ 39,966</u></u>	<u><u>\$ 423,867</u></u>

The accompanying notes are an integral
part of the financial statements.

SATANTA RECREATION COMMISSION
SATANTA, KANSAS

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - BUDGET AND ACTUAL

Satanta Recreation Commission

	Year ended June 30,			
	2010			Variance
	2009	Actual	Budget	favorable (unfavorable)
Cash receipts:				
Transfer from U.S.D. 507:				
Rec Commission/CVGA	\$ 179,820	\$ 180,062	\$ 190,000	\$ (9,938)
Golf Course	89,910	90,031	95,000	(4,969)
Interest	2,700	2,287	2,500	(213)
Donations	1,075	1,750	1,200	550
Miscellaneous	3,326	7,708	4,100	3,608
Total cash receipts	276,831	281,838	\$ 292,800	\$ (10,962)
Expenditures:				
Salaries	52,574	63,822	\$ 69,000	\$ 5,178
Programs	43,022	42,536	112,500	69,964
Equipment and improvements	75,637	9,400	162,000	152,600
Utilities	8,256	8,214	15,000	6,786
Miscellaneous	14,569	14,919	25,000	10,081
Transfer to Cimarron Valley Golf Association	89,037	88,337	130,000	41,663
Total expenditures	283,095	227,228	\$ 513,500	\$ 286,272
Receipts over (under) expenditures	(6,264)	54,610		
Unencumbered cash, beginning of year	335,555	329,291	\$ 328,473	\$ 818
Unencumbered cash, end of year	\$ 329,291	\$ 383,901	\$ 107,773	\$ 276,128

The accompanying notes are an integral
part of the financial statements.

SATANTA RECREATION COMMISSION
SATANTA, KANSAS

STATEMENT OF CASH RECEIPTS AND EXPENDITURES

Cimarron Valley Golf Association

	Year ended June 30,	
	2009	2010
Cash receipts:		
Transfer from Satanta Rec Commission/CVGA	\$ 87,988	\$ 89,635
Charges for services	32,745	43,882
Donations	7,615	3,225
Interest	255	205
Total cash receipts	<u>128,603</u>	<u>136,947</u>
Expenditures:		
Personal services	48,636	52,510
Commodities	26,467	30,436
Contractual services	44,519	52,721
Capital outlay	11,314	-
Total expenditures	<u>130,936</u>	<u>135,667</u>
Receipts over (under) expenditures	(2,333)	1,280
Unencumbered cash, beginning of year	<u>34,562</u>	<u>32,229</u>
Unencumbered cash, end of year	<u>\$ 32,229</u>	<u>\$ 33,509</u>

The accompanying notes are an integral
part of the financial statements.

**SATANTA RECREATION COMMISSION
SATANTA, KANSAS**

NOTES TO FINANCIAL STATEMENTS

June 30, 2010

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies applied in the preparation of the accompanying financial statements is presented to assist the reader in understanding the Recreation Commission's financial statements, which are presented in conformity with the cash basis and budget laws of the State of Kansas. The financial statements and notes are the representation of the Commission's management, which is responsible for their integrity and objectivity. The amounts shown for 2009 in the accompanying financial statements are included, where practicable, only to provide a basis for comparison with 2010, and are not intended to present all information necessary for a fair presentation in accordance with the basis of accounting described below.

1. Reporting entity

The Satanta Recreation Commission is a discretely presented component unit of Unified School District No. 507. Four of the five members of the governing board are appointed by the Board of Education. The Commission operates as a separate governing body but the USD levies the taxes for the Commission and the Commission has only the powers granted by statute, K.S.A. 12-1928. The Commission cannot purchase real property but can acquire real property by gift.

Blended component unit. The Cimarron Valley Golf Association manages the golf course. The Association elects all seven of its Board of Directors, but receives a significant portion of its operating revenue from the Recreation Commission. The Association can sue and be sued, and enter into contracts and lease agreements for real and personal property.

2. Basis of accounting

Statutory Basis of Accounting. The statutory basis of accounting, as used in the preparation of these statutory basis financial statements, is designed to demonstrate compliance with the cash basis and budget laws of the State of Kansas. Cash receipts are recognized when the cash balance of a fund is increased. Expenditures include disbursements, accounts payable, and encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods and services, and are usually evidenced by a purchase order or written contract. For an interfund transaction, a cash receipt is recorded in the fund receiving cash from another fund, and expenditure is charged in the fund from which the transfer is made.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Basis of accounting (continued)

Departure from accounting principles generally accepted in the United States of America. The basis of accounting described above results in a financial statement presentation which shows cash receipts, cash disbursements, cash and unencumbered cash balances. A Statement of Net Assets that would have shown noncash assets such as receivables, inventories, and prepaid expense, liabilities such as deferred revenue and matured principal and interest payable, and reservations of the fund balance is not presented. Under accounting principles generally accepted in the United States of America, encumbrances are only recognized as a reservation of fund balance; encumbrances outstanding at year end do not constitute expenditures or liabilities. Consequently, the expenditures as reported do not present the cost of goods and services received during the fiscal year in accordance with generally accepted accounting principles. Capital assets that account for the land, buildings, and equipment owned by the municipality are not presented in the financial statements. Also, long-term debt such as general obligation bonds, revenue bonds, capital leases, temporary notes, and compensated absences is not presented in the financial statements.

3. Fund accounting

The accounts of the Recreation Commission are organized on the basis of funds. In governmental accounting, a fund is designated as a sum of money or other resources segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations and constituting an independent fiscal and accounting entity. A general fund is used to account for all financial transactions of the Commission.

4. Budgetary information

Kansas statutes require that an annual operating budget be legally adopted for the general fund. The statutes provide for the following sequence and timetable in adoption of the legal annual operating budget:

- a. Preparation of the budget for the succeeding calendar year on or before August 1st.
- b. Publication in local newspaper on or before August 5th of the proposed budget and notice of public hearing on the budget.
- c. Public hearing on or before August 15th, but at least ten days after publication of notice of hearing.
- d. Adoption of the final budget on or before August 25th.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication the hearing may be held and the governing body may amend the budget at that time. There were no such budget amendments during the current year.

The statutes permit transferring budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures. A budget comparison statement is presented for the general fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4. Budgetary information (continued)

The legal annual operating budget is prepared using the statutory basis of accounting, in which, revenues are recognized when cash is received and expenditures include disbursements, accounts payable, and encumbrances with disbursements being adjusted for prior year's accounts payable and encumbrances. Encumbrances are commitments by the municipality for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. Any unused budgeted expenditure authority lapses at year-end.

5. Estimates

In preparing the financial statements, management is required to make estimates and assumptions that affect the reported amounts and the disclosures at the date of the financial statements. Actual results could differ from those estimates.

B. DEPOSITS AND INVESTMENTS

Policies. The Commission has no formal deposit and investment policies; however it does follow state statutes. K.S.A. 9-1401 establishes the depositories which may be used by the Commission. The statute requires banks eligible to hold the Commission's funds to have a main or branch bank in the county in which the Commission is located and the banks to provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the Commission's deposits in financial institutions to be entirely covered by federal depository insurance, by a corporate surety bond, or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka.

K.S.A. 12-1675 limits the Commission's investment of idle funds to time deposits, open accounts, and certificates of deposit with allowable financial institutions; U.S. government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. Additionally, K.S.A. 10-131(a)(6) authorizes the Commission to invest proceeds of bonds in obligations of the Federal National Mortgage Association, Federal Home Loan Banks, or the Federal Home Loan Mortgage Corporation. State statutes place no limit on the amount the Commission may invest in any one issuer.

Custodial credit risk - deposits. Custodial credit risk is the risk that, in the event of a bank failure, the Commission's deposits may not be returned to it. At year-end the carrying amount of the Commission's deposits, including certificates of deposit, was \$383,901. The bank balance was \$418,984. Of the bank balance, \$251,000 was covered by FDIC insurance, and \$167,984 was collateralized by pledged securities held under joint custody receipts issued by a third-party bank in the Commission's name.

C. SUBSEQUENT EVENTS

Management has evaluated subsequent events through November 29, 2010, the date on which the financial statements were available to be used. Management's evaluation concluded that there are no subsequent events that are required to be recognized or disclosed in these financial statements.